

1484

RECEIVED
LEGISLATIVE AUDITOR
2007 FEB 27 AM 11:33

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2
LOCKPORT, LOUISIANA

COMPONENT UNIT FINANCIAL STATEMENTS

December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-7-07

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Compilation Report		1
Statement of Net Assets	A	2
Statement of Activities	B	3
Fund Financial Statements		
Balance Sheet	C	5
Reconciliation of Government Funds Balance Sheet to the Statement of Net Assets	D	6
Statement of Revenues, Expenditures, and Changes in Fund Balance	E	7
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental funds to the Statement of Activities	F	8
Notes to Financial Statements		9 - 15
Supplemental Information:		
Required Supplemental Information Budgetary Comparison Schedule - General Fund		17
Letter of findings		19

Ann T. Hebert

Certified Public Accountant
901 Ridgefield Road
Thibodaux, Louisiana

(985) 446-0994

To the Board
Lafourche Parish Fire Protection District No. 2
Lockport, Louisiana

I have compiled the accompanying financial statements of the governmental activities and the general fund of Lafourche Parish Fire Protection District No. 2, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management of the Lafourche Parish Fire Protection District No. 2. I have not audited or reviewed the accompanying basic financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

I am not independent with respect to Lafourche Parish Fire Protection District No. 2.

As discussed in Note 1, the District has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Respectfully submitted,



Ann T. Hebert
Certified Public Accountant

January 31, 2007

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2

STATEMENT OF NET ASSETS
December 31, 2006

Statement A

ASSETS

Cash and cash equivalents	\$ 344,823
Receivable	146,610
Capital assets - net of accumulated depreciation	<u>394,270</u>
Total Assets	<u>\$ 885,703</u>

LIABILITIES

Accounts payable	\$ 4,390
Total liabilities	<u>\$ 4,390</u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 394,270
Unreserved net assets: General fund	<u>487,043</u>
Total net assets	<u>\$ 881,313</u>

See accountant's compilation report and accompanying notes.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006

Statement B

<u>PROGRAM REVENUES</u>			
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>
			<u>TOTAL</u>
EXPENSES:			
Public safety - fire protection:			
Maintenance	\$ 11,480		\$ 11,480
Supplies & training	4,103		4,103
Utilities	14,194		14,194
Fuel	3,204		3,204
General & Administrative	34,985		34,985
Depreciation	37,222		37,222
Other	4,443		4,443
Total governmental activities	<u>\$ 109,631</u>		<u>\$ 109,631</u>

GENERAL REVENUES:	
Ad valorem taxes	\$ 146,027
Intergovernmental revenues:	
State revenue sharing	9,857
State fire insurance rebate	27,808
Interest	17,924
Other	1,654
Total general revenues	<u>203,270</u>
Changes in net assets	93,639
Net assets:	
Beginning of the year	787,674
End of the year	<u>\$ 881,313</u>

See accountant's compilation report and accompanying notes.

FUND FINANCIAL STATEMENTS

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2

BALANCE SHEET -
GOVERNMENTAL FUND
December 31, 2006

Statement C

	Governmental Fund Types
	General
ASSETS	
Cash	\$ 344,823
Receivables -	
Ad valorem taxes	136,750
Louisiana Revenue sharing	<u>9,860</u>
Total assets	<u>\$ 491,433</u>
FUND EQUITY	
Liabilities:	
Accounts payable	<u>\$ 4,390</u>
Fund balance -	
Unreserved	<u>487,043</u>
Total fund equity	<u>487,043</u>
Total liabilities and fund equity	<u>\$ 491,433</u>

See accountant's compilation report and accompanying notes.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2

RECONCILIATION OF THE GOVERNMENT FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
December 31, 2006

Statement D

Total fund balances - governmental funds (Statement C)	\$ 487,043
--	------------

The purchase of capital assets are reported as expenditures as they are incurred in the governmental funds. The Statement of Net Assets reports capital assets as an asset to the District. These capital assets are depreciated over their estimated useful lives in the Statement of Activities and are not reported in the governmental funds.

Cost of capital assets	\$ 925,642	
Less: Accumulated depreciation	<u>(531,372)</u>	
		394,270

Net Assets (Statement A)	<u>\$ 881,313</u>
--------------------------	-------------------

See accountant's compilation report and accompanying notes.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND - GENERAL FUND
For the year ended December 31, 2006

Statement E

Revenues:	
Taxes - ad valorem	\$ 146,027
Intergovernmental -	
State of Louisiana:	
Revenue sharing	9,857
Insurance rebate	27,808
Use of money and property -	
Interest earned	17,924
Other income	<u>1,654</u>
Total revenues	<u>203,270</u>
Expenditures:	
General government -	
Intergovernmental	
Ad valorem tax deductions	4,443
Public Safety -	
Operating services	60,654
Material and supplies	7,312
Capital Outlay	<u>170,930</u>
Total public safety	<u>238,896</u>
Total expenditures	243,339
Excess (deficit) revenues over expenditures	<u>(40,069)</u>
Fund balance, beginning	<u>527,112</u>
Fund balance, ending	<u>\$ 487,043</u>

See accountant's compilation report and accompanying notes.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2006

Statement F

Net change in fund balances - total governmental funds (Statement E)	\$ (40,069)
--	-------------

Amounts reported for governmental activities in the statement
of activities (Statement B) are different as follows:

Government funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets
are allocated over the estimated useful lives as depreciation
expense. This is the amount by which capital outlay (170,930)
exceeded depreciation (37,222) during the year.

133,708

Change in net assets of governmental activities (Statement B)	<u>\$ 93,639</u>
---	------------------

See accountant's compilation report and accompanying notes.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In June, 1999, the GASB unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. One of the more significant changes in Statement No. 34 include for the first time a Management's Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the District's activities. The District has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements. However, other changes are reflected in the accompanying basic financial statements (including notes to financial statements). The District implemented the general provisions of Statement No. 34 for the year ended December 31, 2002.

The accounting and reporting policies of the Lafourche Parish Recreation District No. 1 (the District) conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain significant accounting policies:

a. **REPORTING ENTITY:**

The District is a component unit of the Lafourche Parish Council.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b. **GOVERNMENT-WIDE ACCOUNTING**

In accordance with Government Accounting Standards Board Statement No. 34, the District has presented a Statement of Net Assets and Statement of Activities for the District as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-Wide Accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity. The Statement of Net Assets and Statement of Activities are reported on the accrual basis of accounting.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

LAFORCHE PARISH FIRE PROTECTION DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

b. GOVERNMENT-WIDE ACCOUNTING - Continued

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances.

Application of FASB Statements and Interpretations

Reporting on governmental-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Assets used in operations with an initial useful life that extends beyond one year are capitalized. Equipment, furniture and fixtures, leasehold improvements, and buildings are depreciated over their estimated useful lives. Depreciation is not calculated on land, land improvements or construction in progress. Accumulated depreciation is recorded at net of depreciable assets in the Statement of Net Assets.

Program Revenues

The Statement of Activities present two categories of program revenues - (1) charges for services and (2) operating grants and contributions.

Charges for services - are revenues from exchanges or exchange like transactions with external parties that purchase, use or directly benefit from the program's goods, services, or privileges. These revenues include fees charged for specific services, licenses and permits, and operating special assessment, and include payments from exchange transactions with other governments.

Operating grants and contributions - are resources that are restricted for operating purposes of a program. They include grants and contributions, with restriction that permit the resources to be used for a program's operating of capital needs, at the recipient government's discretion. If multipurpose contributions and grants that provide financing for more than one program are specifically identified, they are included as program revenues.

c. FUND ACCOUNTING

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity using the modified accrual method to report revenues and expenditures.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

c. FUND ACCOUNTING - continued

Funds of the District are classified as governmental funds. Governmental funds account for District's general activities, including the collection and disbursement of specific or legally restricted monies. Governmental Funds of the District includes:

General Fund - The General fund is the operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Debt Service Fund - Debt service fund is used to account for the accumulation of resources and the payment of general long-term principal, interest and related costs.

d. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

The accounting and financial reporting treatment applied to a fund is determined by its measurable focus. The governmental funds are accounted for using a current financial resources measurement focus and a modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when they are measurable and available. Measurable means the amount of the transaction can be determined and available means collectible when the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on long-term debt which is recognized when due. Compensated absences and claims and judgments are reported in the governmental fund only if the claims are due and payable.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Fund Financial Statements (FFS)

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

e. BASIS OF ACCOUNTING

Revenues and deferred revenues

Ad valorem taxes are recorded on the modified accrual basis and, therefore, recorded when they are both measurable and available. The calendar for the 2006 ad valorem tax roll was as follows:

	Service charges and <u>Ad valorem taxes</u>
Levy date	December 31, 2006
Due date	December 31, 2006
Lien date	January 1, 2007

State revenue sharing revenues and the 2% fire insurance tax protection rebate are recorded when the District is entitled to the funds.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the District.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

e. BASIS OF ACCOUNTING - Continued

Other Financing Sources (Uses)

Proceeds from the sale of fixed assets and debt acquired for the construction and purchase of fixed assets (capital project fund) are accounted for as other financing sources and are recognized when received. Fixed assets acquired through capital leases are recorded as expenditures and other financing sources at the time of acquisition.

f. BUDGET PRACTICES

The District's procedures in establishing the budgetary data for the financial statements required by the Louisiana Revised Statutes 39:1303 are as follows:

- A proposed budget is submitted by the Chief Executive Officer to the Board no later than fifteen days prior to the beginning of each year.
- After completion of all action necessary to finalize and implement the budget, the budget is adopted by the Board and recorded in the minutes of the District. The board, as allowed by state law, does not obtain public participation in the budget process.
- Budget amendments require the approval of the Board.
- All budgetary appropriations lapse at the end of each year.
- A budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board.

g. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits that mature within 90 days after year end and other investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or under the laws of the United States.

Under state law, the Districts may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

h. CAPITAL ASSETS

Capital assets are recorded at historical cost and depreciated over their estimated useful lives.

Estimated useful life is management's estimate of how long the asset is estimated to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Building	40	years
Furniture	5 - 7	years
Equipment	5 - 10	years
Vehicles	5	years

i. VACATION AND SICK LEAVE

The District has no full-time employees. There is no accumulated unpaid vacation at December 31, 2006.

The District does not have a sick leave policy.

NOTE 2 - PROPERTY TAXES

Property taxes are levied each December 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission as percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for collections during the year ended December 31, 2006 was 5.24 mills on property within Fire Protection District No. 2 for the purpose of fire protection within the District and payment of respective debt.

NOTE 3 - RECEIVABLES

Receivables as of December 31, 2006 are as follows:

Due from Sheriff (Collections during December, 2006 not yet remitted)	\$ 118,859
Ad valorem taxes	17,891
Louisiana State Revenue Sharing	9,860
	<u>\$ 146,610</u>

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets and accumulated depreciation for the period are as follows:

	Balance January 1, 2006	Additions (Deletions) 2006	Balance December 31, 2006
Trucks	\$ 592,407	\$ 170,930	\$ 763,337
Equipment	136,105	—	136,105
Building	26,200	—	26,200
Total	<u>\$ 754,712</u>	<u>\$ 170,930</u>	<u>\$ 925,642</u>
Accumulated Depreciation	<u>\$ 494,150</u>	<u>\$ 37,222</u>	<u>\$ 531,372</u>

NOTE 5 - COMPENSATION OF BOARD MEMBERS

The District did not pay per diem to any of its Board Members during the year ended December 31, 2006.

NOTE 6 - CONCENTRATION OF CREDIT RISKS

At December 31, 2006, the District has cash (book balances) as follows:

Checking accounts	
Deposits secured by:	
Federal deposit insurance	<u>\$ 15,749</u>

Collateralized deposits - At year end, there was enough FDIC insurance to secure the book balance and the bank balance. The bank balance indicated above is considered as Category 1 deposits. During the year if the bank balance exceeds the FDIC insurance amount, the District's banking institution will pledge FHLMC securities with a market value in excess of the collateralized deposits needed to secure any remaining balances.

	Carrying Amount	Account Value
Deposits in a pool management by Louisiana Asset Management Pool	<u>\$ 329,074</u>	<u>\$ 329,074</u>
Total bank deposits and equivalents in financial institutions	<u>\$ 344,823</u>	

OTHER SUPPLEMENTAL INFORMATION AND REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a budget comparison schedule and other reports.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year ended December 31, 2006

	Original Budget	Final Budget	Actual	Variance- with Final Budget Positive (Negative)
Revenues:				
Taxes - ad valorem	\$ 123,000	\$ 137,499	\$ 146,027	\$ 8,528
Intergovernmental -				
State of Louisiana:				
Revenue sharing	9,700	9,855	9,857	2
Insurance rebate	23,000	27,808	27,808	----
Use of money and property -				
Interest earned	12,150	16,585	17,924	1,339
Other income	----	1,654	1,654	----
Total revenues	<u>167,850</u>	<u>193,401</u>	<u>203,270</u>	<u>9,869</u>
Expenditures:				
General government -				
Intergovernmental				
Ad valorem tax deductions	4,500	4,744	4,443	301
Public Safety -				
Operating services	64,180	69,081	60,654	8,427
Material and supplies	7,250	7,237	7,312	(75)
Capital Outlay	185,000	170,930	170,930	----
Total public safety	<u>256,430</u>	<u>247,248</u>	<u>238,896</u>	<u>8,352</u>
Total expenditures	<u>260,930</u>	<u>251,992</u>	<u>243,339</u>	<u>8,653</u>
Excess (deficit) revenues over expenditures	<u>(93,080)</u>	<u>(58,591)</u>	<u>(40,069)</u>	<u>18,522</u>
Fund balance, beginning	<u>527,112</u>	<u>527,112</u>	<u>527,112</u>	<u>----</u>
Fund balance, ending	<u>\$ 434,032</u>	<u>\$ 468,521</u>	<u>\$ 487,043</u>	<u>\$ 18,522</u>

See accountant's compilation report and accompanying notes.

OTHER REPORTS

Ann T. Hebert

Certified Public Accountant
901 Ridgefield Road
Thibodaux, Louisiana

(985) 446-0994

LETTER OF FINDINGS

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 2
For the Current Year Ended December 31, 2006

January 31, 2007

No current year findings.

No prior year findings.